Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 09655 142254Z

61
ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 IO-10 EA-06 AID-05 EB-04

FEA-01 INT-05 COME-00 TRSE-00 EUR-12 NIC-01 /091 W
---------- 111830
O R 142202Z NOV 74
FM AMEMBASSY LIMA
TO SECSTATE WASHDC IMMEDIATE 2741
INFO AMEMBASSY MONTEVIDEO

LIMITED OFFICIAL USE LIMA 9655

E.O. 11652: N/A
TAGS: PFOR, PINT, PE
SUBJECT: PRESIDENT VELASCO'S NOVEMBER 13 PRESS CONFERENCE

MONTEVIDEO FOR AMBASSADOR

1. PRESIDENT VELASCO HELD A TWO-HOUR AND TWENTY-MINUTE PRESS CONFERENCE ON NOVEMBER 13. THE EPSA SCANDAL AND PERU/JAPAN PIPELINE AGREEMENT WERE THE TWO MAJOR TOPICS. THERE WERE ALSO SEVERAL REFERENCES TO CIA AND COMMENTS ON CUBA AND THE OAS. HIGHLIGHTS FOLLOW BASED ON BOTH THE OFFICIAL TRANSCRIPT AS PUBLISHED IN THE PRESS AND A TAPED VERSION.

2. THE EPSA FOOD SCANDAL OCCUPIED THE MAJOR PORTION OF THE CONFERENCE. VELASCO CLAIMED THAT HE FIRST LEARNED ABOUT THE SCANDAL EXTRA-OFFICIALLY. HE CONFIRMED A REPORT THAT HE HAD GIVEN A FREE HAND TO THE INVESTIGATING JUDGE, NO MATTER WHO WAS INVOLVED. THE PRESIDENT SAID THAT COMMERCE MINISTER BARANDIARAN'S RESIGNATION WAS DUE TO "INTERNAL REASONS" AND NOT THE EPSA CASE. NEVERTHELESS, VELASCO CRITICIZED BARANDIARAN'S MINISTRY DURING APRIL-JULY 1974, WHEN EPSA CAME UNDER COMMERCE. FOOD SHORTAGES APPEARED AT THE TIME AND VELASCO STATED THAT THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 09655 142254Z

CABINET DECIDED TO RETURN EPSA TO AGRICULTURE. THE PRESIDENT

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

STATED THAT AGRICULTURE MINISTER VALDEZ RESIGNED HIS POST BECAUSE HE WAS RESPONSIBLE POLITICALLY FOR EPSA BUT THAT HE HAD NOT BEEN FOUND GUILTY OF WRONGDOING. (OFFICIAL TRANSCRIPT RECORDS MORE PRAISE OF VALDEZ THAN TAPE, WHICH SUGGESTS THAT VALDEZ IS NOT EXEMPT FROM THE INVESTIGATION GOING ON PRESENTLY.)

3. ONE JOURNALIST ASKED WHETHER THERE WAS NOT AN "UMBILICAL CORD" BETWEEN THE CIA AND EPSA/CONTRABAND SCANDAL. BY NO MEANS DENYING THAT POSSIBILITY, VELASCO RESPONDED THAT THE CIA CAN TURN UP ANYWHERE ("PUEDE ESTAR EN TODAS PARTES"). HE THEN REVEALED THAT AT THE START OF THE REVOLUTION (1968) MILGOV LANDED ON THE CIA ("LE CAIMOS A LA CIA," ACCORDING TO TAPE). OFFICIAL TRANSCRIPT STATES THAT "...WE CALLED IN THE U.S. AMBASSADOR AND GAVE HIM A DEADLINE TO TRANSFER THREE DIPLOMATIC SERVICE PERSONS THAT WERE INVOLVED IN CIA ACTIVITIES. ONE OF THEM WAS MR. SIRACUSA (ON THE TAPE, VELASCO REFERS TO THE NUMBER TWO MAN IN THE EMBASSY, MR. KURYLA - PHONETIC), WHO LATER WENT TO BOLIVIA BEFORE GENERAL TORRES FELL, AND THE OTHER A MR. ORTIZ; I DO NOT KNOW WHERE HE WENT." (ON TAPE, ONE OVERHEARS A JOURNALIST COMMENTING THAT ORTIZ WENT TO URUGUAY. VELASCO OBSERVES THAT ORTIZ SPOKE SPANISH WELL.) THIRD NAME IS NOT MENTIONED. IN OTHER PORTIONS OF THE PRESS CONFERENCE, TAPE REVEALS THAT VELASCO SUGGESTED THAT THERE ARE TIES BETWEEN THE CIA AND THE REVOLUTION'S INTERNAL AND EXTERNAL ENEMIES, SUCH AS THE LIMA BAR ASSOCIATION AND THE INTER-AMERICAN PRESS ASSOCIATION.

4. THE PRESIDENT STRONGLY DEFENDED THE PIPELINE FINANCING AGREEMENT WITH THE JAPANESE, DENYING THAT IT WAS ILLEGAL OR AN ABROGATION OF SOVEREIGNTY. HE ACCUSED HIS ENEMIES OF TRYING TO SOW ECONOMIC CHAOS, FEARFUL THAT THE REVOLUTION WILL TRIUMPH IN ALL SECTORS WHEN IT OBTAINS OIL. VELASCO RIDICULED FORMER PRESIDENT BELAUNDE AND THE TRAITOROUS "FOUR MUSKETEERS" OF THE BAR ASSOCIATION, WHO QUESTIONED THE LEGAL FOUNDATION OF THE PIPELINE CONTRACT (SEE SEPTEL).

5. DISCUSSING THE QUITO FOREIGN MINISTERS' MEETING, VELASCO REGRETTED THE RESULTS. "BUT I ALSO THINK THAT THE COUNTRIES WHICH VOTED AFFIRMATIVELY, INDEPENDENTLY, ARE FREE TO RE-
LIMITED OFFICIAL USE

ESTABLISH RELATIONS WITH CUBA." VELASCO OBSERVED THAT SECRETARY KISSINGER'S ABSENCE DEMONSTRATED THAT THE U.S. DID NOT GIVE IMPORTANCE TO LATIN AMERICA'S PROBLEMS. HE ADDED THAT U.S. DID NOT EVEN HAVE THE "COURAGE" (TAPE) TO TAKE A STAND. HE DECLARED THAT THE NEUTRAL POSITION OF SO STRONG A COUNTRY IS THE MOST DANGEROUS KIND OF POSITION.

6. SEVERAL PRESS QUESTIONS AROSE. VELASCO SAID THAT OIGA

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

MAGAZINE WOULD BE BROUGHT TO TRIAL FOR ACCUSING THE FINANCE MINISTER OFNOT TELLING ALL THE TRUTH ABOUT THE COUNTRY'S ECONOMIC SITUATION. (ACCORDING TO ONE SOURCE PRESENT AT THE CONFERENCE, VELASCO'S DECISION TO PROSECUTE OIGA SURPRISED THE FINANCE MINISTER, WHO WAS AT PRESIDENT'S SIDE.) VELASCO INSISTED THAT THE PRESS WAS INDEPENDENT, DESCRIBING PERU'S PRESS FREEDOM AS "FRIGHTENING" (TAPE).

7. IN SIGNIFICANT SEGMENT, VELASCO WAS ASKED IF GENERAL MORALES BERMUDEZ WOULD BECOME PRIME MINISTER. ACCORDING TO TAPE, VELASCO RESPONDED, "CLARO. A QUIEN LE TOCA LE TOCA." (NATURALLY. NO ONE WILL LOSE HIS TURN.) OFFICIAL TRANSCRIPT IS LESS COLORFUL BUT CONFIRMS THAT MORALES WILL BECOME PRIME MINISTER.

8. ASKED IF FIDEL CASTRO WOULD BE INVITED TO VISIT PERU, TAPE DISCLOSES THAT VELASCO SAID THAT HE WOULD BE DELIGHTED TO INVITE CASTRO BUT THAT SUCH A VISIT WOULD FRIGHTEN PEOPLE, SOME OF WHOM WOULD SUFFER HEART ATTACKS ("LES DARIA UN PATATUZ"). VELASCO INSISTED THAT PERU'S REVOLUTION WAS PERU'S, AND WAS NOT LIKE CUBA'S NOR ANY OTHER REVOLUTION.

9. THE PRESIDENT DENIED THAT 150 SOVIET TECHNICIANS WERE IN-VOLVED IN THE OLMOS IRRIGATION PROJECT. HE ASKED THAT QUESTIONING JOURNALIST WHETHER HIS INFORMATION CAME FROM THE CIA. VELASCO THEN BACKTRACKED AND SAID THAT AT SOME POINT IT MIGHT BE NECESSARY TO HAVE 150 TECHNICIANS SINCE THE OLMOS PROJECT IS HUGE.

10. QUERIED WHETHER THE STATE MIGHT NOT TAKE OVER MILK PRODUCTION, IN VIEW OF RISING PRICES, VELASCO SAID NO. VELASCO STATED THAT THE STATE COULD NOT TAKE OVER EVERYTHING, THAT SOME ACTIVITIES SHOULD BE IN PRIVATE HANDS OR, OTHERWISE,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PERU WOULD BECOME A "STATIST" COUNTRY, WHICH IS NOT THE REV-OLUTION'S PATH. AT ANOTHER POINT, VELASCO DECLARED THAT STATE ENTERPRISES OUGHT TO BE ALLOWED TO DISPOSE FREELY OF 50 PERCENT OF THEIR EARNINGS, THE BALANCE BEING PAID AS TAXES. HE ALSO COUNTERED A NEWSMAN'S COMMENT THAT SOCIAL PROPERTY ENTER-PRISES MIGHT REPLACE COOPERATIVES. (COMMENT: VELASCO'S DEFENSE OF THE PROFIT MOTIVE AND STATEMENT THAT COOPERATIVES AND PRIVATE COMPANIES WILL CONTINUE TO HAVE A PLACE IN THE PERUVIAN ECONOMY ARE NOTEWORTHY GIVEN THE MORE OFTEN STATED BIAS OF THE REVOLUTION IN FAVOR OF SOCIAL PROPERTY WHERE "SOCIAL SOLIDARITY" REPLACES GREED.)

11. IN UNREPORTED REMARKS, VELASCO SAID THAT IT WOULD BE SOMETIME BEFORE CIVILIANS ENTERED THE CABINET. HE CONFIRMED THE ANDAHUAYLAS LAND INVASIONS, NOTING THAT CLASHES WITH THE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

POLICE AND ARRESTS OCCURRED. THOSE ARE "TOUGH" PEOPLE THERE,
HE SAID. ON DISARMAMENT, VELASCO DECLARED THAT HIS REGIONAL
ARMS FREEZE PROPOSAL WOULD NOT BE DISCUSSED AT THE DECEMBER 9
AYACUCHO SUMMIT DUE TO LACK OF TIME. ONE JOURNALIST COMPLAINED
THAT TWO NEWSPAPERS, EXPRESO AND THE GOVERNMENT-OWNED CRONICA,
WERE FULL OF MARXISM. HE WAS HUSHED BY OTHER NEWSMEN.
DEAN

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, CORRUPTION, FOOD INDUSTRY, PRESS CONFERENCES, FOREIGN POLICY POSITION, PETROLEUM PIPELINES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LIMA09655
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740329-0463
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741144/aaaabkyh.tel
Line Count: 176
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 SEP 2002 by cunninfx>; APPROVED <11 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT VELASCO'S NOVEMBER 13 PRESS CONFERENCE MONTEVIDEO FOR AMBASSADOR
TAGS: PFOR, PINT, PE, (VELASCO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005